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NSC BRIEFING

13 July 1954

ANTI-AMERICAN TREND IN SAUDI ARABIA

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I.

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King Saud is very angry with US. In his present mood, king might terminate both Dhahran Air Base Agreement and US military missions. King stated he would be guided by his Council of Ministers, which is composed largely of anti-American advisors. Air Base Agreement does not normally expire until 1961 but can be terminated as soon as June 1956. Any earlier termination would be illegal abrogation.

II. Increasing anti-American trend in Saudi Arabia

A. Threat to terminate US military agreements is in line with series of anti-American moves made by Saud ever since his succession to throne in November 1953.

1. Replacement of American firm handling government construction by German firm (January)
2. New pressure on ARAMCO (February)

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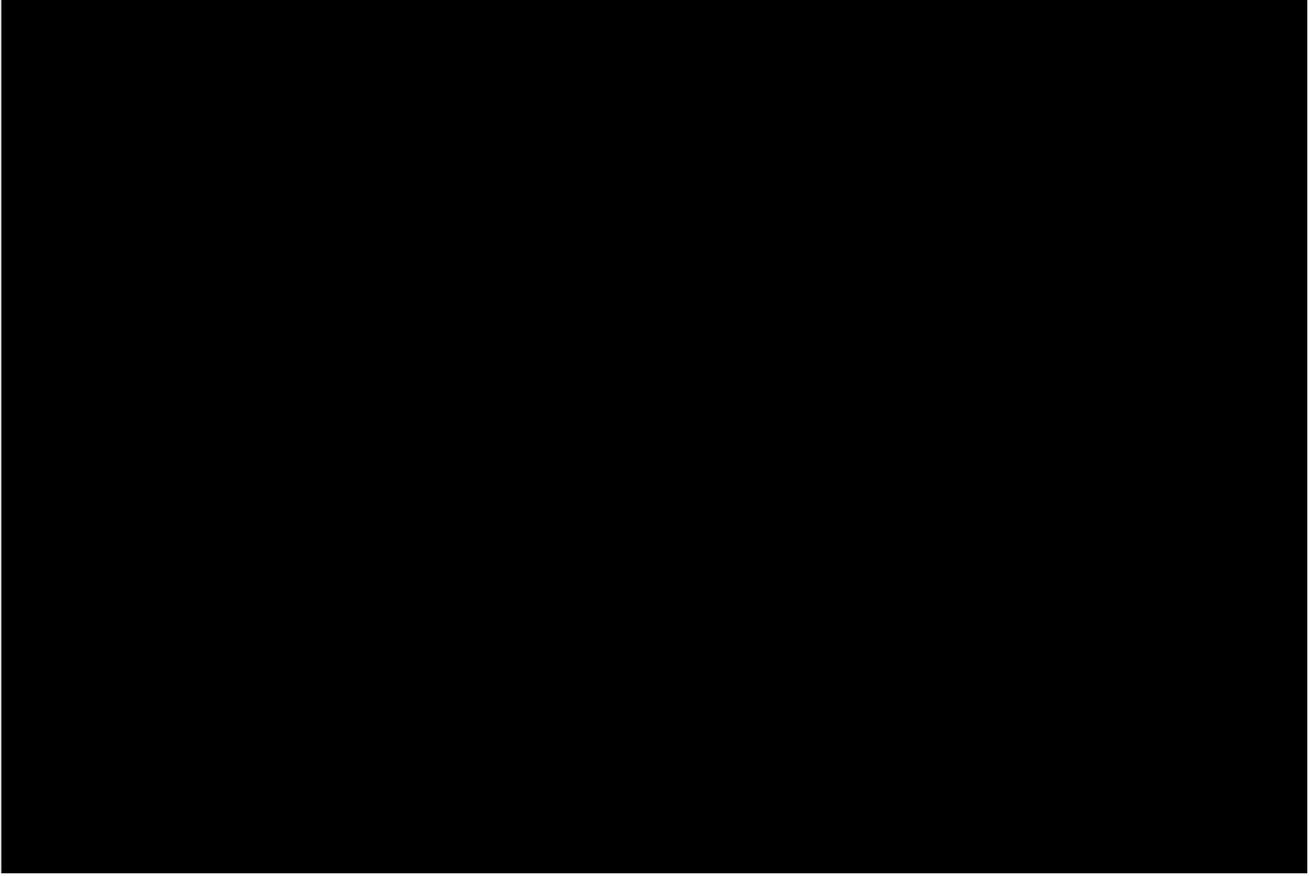
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3. Signing of Onassis tanker agreement which could deny
US Navy access to Saudi oil (April)
4. Refusal to grant American request for visas for second
group French soldiers en route Indochina (May)
5. Termination Point IV Agreement (June)
6. Joined with Egypt in opposing Iraqi adherence to Turkish-
Pakistani Pact (June)

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I IF. Prospects: No indication that Saud will change his policy.

A. Attempt to abrogate Dhahran Air Base Agreement possible, more likely efforts to terminate it in 1956.

B. Terminate American Military Assistance Advisory Groups

which are training Saudi military forces.

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C.

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the Saudis will continue

to seek additional revenue through means detrimental to US interests:

1. Deals of Onassis type.

2. Demands on ARAMCO for higher royalties, and disadvantageous concession changes.

3. Attempts to grant other oil concessions.

4. Threats and possible attempts to nationalize oil with help of foreign technicians.

D. Suez settlement might deprive Saud of some Egyptian support recently granted him. Cairo, after a settlement, would probably establish good relations with US. Such developments not likely to change Saudi trend significantly.